

DIRECTIVE

WORKFORCE INVESTMENT ACT

Number: WIAD03-4

Date: July 24, 2003

69:136:lh:7186

TO: WORKFORCE DEVELOPMENT COMMUNITY

SUBJECT: TRANSFER OF FUNDS—ADULT, DISLOCATED WORKER, AND
RECAPTURED FUNDS **(INACTIVE)**

EXECUTIVE SUMMARY:

Purpose:

This directive updates transfer information contained in previous directives. It addresses the transfer policies for recaptured formula funds. In addition, the 2003 Omnibus Appropriations Act raised the limit for transfers between adult and dislocated worker funding streams for Program Year (PY) 2003-04 funds from 20 percent to 30 percent. The limit remains at 20 percent for prior years. Finally, a transfer request form has been included to document the transfer, and new budget and participant forms are added to provide essential data.

Scope:

This directive will apply to all Local Workforce Investment Boards (LWIB) that transfer adult, dislocated worker, and recaptured funds.

Effective Date:

This directive is effective on date of issue.

REFERENCES:

- Workforce Investment Act (WIA) Section 133(b)(4)
- Code of Federal Regulations, Title 20 (20 CFR) 667.140
- Training and Employment Guidance Letter (TEGL) 23-02

STATE-IMPOSED REQUIREMENTS:

This document contains some State-imposed requirements. These requirements are indicated by ***bold italic*** type.

FILING INSTRUCTIONS:

This directive supersedes WIA Directive WIAD01-17, dated April 17, 2002, and finalizes WIA Draft Directive WIADD-54, issued for comment on June 4, 2003. Retain this directive until further notice.

BACKGROUND:

The WIA allows the transfer of funds to maximize participant outcomes of the adult and dislocated worker programs. Section 133(b)(4) of the WIA states that 20 percent of funds allocated to the Title I adult and dislocated worker programs may be transferred between these two funding streams for each program year. Recaptured formula funds allocated to grant code 503 are also eligible to be transferred to grant code 203. Funds may not be transferred to or from the youth program. The Training and Employment Guidance Letter 23-02 states that the transfer limits have been raised to 30 percent effective with the PY 2003-04 funds.

POLICY:

The WIA Final Rule Section 667.140(b) states that, before making any funds transfer, a LWIB must obtain the Governor's approval. The Employment Development Department has been given the authority to approve transfers on behalf of the Governor. The LWIB may make single or multiple transfers of funds between adult and dislocated worker programs provided the 20 percent limit for PY 2002-03 is observed. Effective with the PY 2003-04 funds, the transfer limit will be raised to 30 percent. Recaptured formula funds that are reallocated (grant code 503 for PY 2002-03) also carry a 20 percent transfer limit. For recaptured formula funds reallocated in PY 2003-04, the transfer limit would increase to 30 percent. However, transfer limits beyond PY 2003-04 have yet to be determined. Additionally, funds transferred must stay within the original year of allocation. They must also stay within the allocation time period of July 1 through September 30 (grant codes 201 and 501), or October 1 through June 30 (grant codes 202 and 502). The LWIBs must ensure that the funds are not overdrawn during the time a transfer takes place. If this condition occurs, the transfer will not be approved.

Transfer requests can be submitted anytime during the two-year life of the funds except during May and June of the second year of availability. However, if during the first year life of the funds a transfer request is received between May 1 and June 30, the transfer will be reviewed and processed in the following fiscal year. If the funds are in the second year life and a transfer request is received after April 30, the transfer will not be processed and will be returned to the originator.

TRANSFERS ALLOWED

- Not more than 20 percent of the adult or dislocated worker funds for PY 2002-03 may be transferred between each of these funding streams.
- Not more than 30 percent of the adult or dislocated worker funds for PY 2003-04 (beginning July 1, 2003) may be transferred.

- Formula funds that are recaptured are reallocated to their own unique grant code. For PY 2002-03, the reallocated dislocated worker funds are in grant code 503. Grant code 203 has been established for recaptured/reallocated adult funds and for transfers from grant code 503. The PY 2002-03 funds in grant code 503 may have 20 percent of that amount transferred to grant code 203. Thirty (30) percent of the PY 2003-04 funds in grant code 503 may be transferred to grant code 203. Administrative charges cannot be incurred against grant codes 503 or 203, based on a Department of Labor (DOL) decision.

TRANSFERS NOT ALLOWED

- With the implementation of WIA, the DOL provides funds to the State in two separate allotments. The first allotment uses grant codes 201 and 501, and the second allotment uses grant codes 202 and 502. Since DOL requires that each allotment be tracked separately, transfers cannot occur between grant codes 501 to 202 and 502 to 201.
- Reallocated formula funds in grant codes 503 and 203 may not be transferred to grant codes 201, 202, 501, or 502. The DOL requires these funds to be accounted for separately from other funding streams.

PROCEDURES:

The LWIB must submit transfer requests in writing to the appropriate Regional Advisor. All requests must contain the reason(s)/rationale for the transfer, including effects on local services and proposed changes to the local plan. The State will consider the following factors in its review of transfer requests:

- Changes in planned services to eligible participants
- Unexpected layoffs requiring additional funds
- Changes in the goals for serving eligible participants
- Changes in labor market conditions
- Effect of transfer on jointly funded employment and training programs in One-Stop Career Centers
- Effect on existing agreements for the delivery and/or coordination of employment and training services
- Effect on current State and Local Workforce Investment Area (LWIA) employment and training systems
- Effect on the employment and training needs of eligible participants in the LWIA

All transfer requests must be approved and signed off by the LWIB and reflected in the local plan of each LWIA. The "Sunshine Provision", [WIA Section 117(e)], requires the local board to make available to the public, on a regular basis through open meetings, information regarding the activities of the local board. The LWIB must make the transfer request a specific board agenda item with public comment time available.

New local plan funding amounts will need to be computed based on the completed funds transfer. The local plan will have the new budget and participant forms included as the performance baseline.

Three documents that must be submitted in order to request a transfer:

1. **Transfer Request Form (*Attachment 1*)**—This form describes who is making the request, the transfer amount, and why the transfer is being requested. This document requires signature approval of the designated LWIB representative.
2. **Title IB Participant Plan Summary (*Attachment 2*)**—This form shows the revised participant plan after the funds transfer has taken place.
3. **Title IB Budget Plan Summary (*Attachment 4*)**—This form shows the transfer of funds using the plus and minus format. One form is needed for each transfer of funds in two separate grant codes or years.

The assigned Regional Advisor will review the transfer request forms to validate the need for the transfer. On approval of the transfer request, the Workforce Investment Division (WID) Financial Management Unit will unilaterally transfer the funds within the LWIA master subgrant. This entire process will be completed as quickly as possible after receipt of the transfer request. The WID will then forward a completed copy of the subgrant package to the LWIB.

MAIL: Attn: (Name of Regional Advisor)
Workforce Investment Division
Employment Development Department
PO Box 826880, MIC 69-1
Sacramento, CA 94280-0001

OVERNIGHT MAIL: Attn: (Name of Regional Advisor)
Workforce Investment Division
Employment Development Department
800 Capitol Mall, MIC 69-1
Sacramento, CA 95814

HAND DELIVERY: Attn: (Name of Regional Advisor)
Workforce Investment Division
Employment Development Department
722 Capitol Mall, Room W1077

ACTION:

Make the appropriate LWIA policy, administrative, and fiscal staff aware of this directive.

INQUIRIES:

Direct all technical questions regarding this directive to your [Regional Advisor](#).

/S/ BOB HERMSMEIER

Chief

Workforce Investment Division

Attachments are available on the Internet:

1. [Transfer Request](#) (DOC)
2. [Participant Plan](#) (XLS)
3. [Participant Summary Instructions](#) (PDF)
4. [Budget Plan](#) (XLS)
5. [Budget Plan Summary Instructions](#) (PDF)